



# Department of Defense DIRECTIVE

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ASD(HA)

SUBJECT: Department of Defense Medicare Eligible Retiree Health Care Fund

- References:
- (a) Chapter 56 of title 10, United States Code
  - (b) [DoD Instruction 6070.2](#), "Department of Defense Medicare Eligible Retiree Health Care Fund Operations," July 19, 2002
  - (c) [DoD Directive 5105.4](#), "Department of Defense Federal Advisory Committee Management Program," September 5, 1989
  - (d) [DoD 8910.1-M](#), "DoD Department of Defense Procedures for Management of Information Requirements," June 30, 1998

## 1. PURPOSE

This Directive establishes policy and assigns responsibilities under reference (a) for the Department of Defense Medicare Eligible Retiree Health Care Fund (hereafter referred to as "the Fund").

## 2. APPLICABILITY AND SCOPE

2.1. This Directive applies to the Office of the Secretary of Defense, the Military Departments, the Chairman of the Joint Chiefs of Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, Defense Agencies, DoD Field Activities, and all other organizational entities within the Department of Defense (hereafter referred to collectively as "the DoD Components").

2.2. The provisions of this Directive may also become applicable to the United States Coast Guard, the Commissioned Corps of the Public Health Service, and the National Oceanic and Atmospheric Administration when the Secretaries of the Departments of Transportation, Health and Human Services, and Commerce enter into agreements with the Secretary of Defense for the Uniformed Services under their respective jurisdictions to participate in the Fund, in accordance with reference (a).

### 3. POLICY

It is DoD policy that funding for health care programs for Medicare eligible beneficiaries designated by reference (a) shall be in accordance with the provisions of that reference.

### 4. RESPONSIBILITIES

4.1. The Under Secretary of Defense for Personnel and Readiness (USD(P&R)) shall:

4.1.1. Direct the Assistant Secretary of Defense for Health Affairs (ASD(HA)) to:

4.1.1.1. Issue DoD Instruction 6070.bb (reference (b)), consistent with reference (a) and this Directive, for the detailed operational procedures for the Fund. Reference (b) shall be the regulation required by reference (a).

4.1.1.2. Provide the following to the National Security Division, Office of Management and Budget:

4.1.1.2.1. Notification of all public meetings held and decisions made by the Department of Defense Medicare Eligible Retiree Health Care Board of Actuaries.

4.1.1.2.2. Subject to review and approval by the Department of Defense Medicare Eligible Retiree Health Care Board of Actuaries, annual estimates of:

4.1.1.2.2.1. Normal cost per capita rates.

4.1.1.2.2.2. Total projected normal cost contribution amounts.

4.1.1.2.2.3. Total projected outlays from the Fund.

4.1.1.3. Designate the TRICARE Management Activity (TMA), under the ASD(HA), as the Agency responsible for Fund operations. In this capacity TMA shall:

4.1.1.3.1. Coordinate with the ASD(HA), the Under Secretary of Defense (Comptroller) (USD(C)), the Director, Finance Defense Finance and Accounting Service (DFAS), and the Secretaries of the Military Departments to:

4.1.1.3.1.1. Establish procedures for payments from the Fund for care provided to beneficiaries designated by reference (a). This includes both care provided by military treatment facilities (MTFs) and care purchased from non-DoD providers.

4.1.1.3.1.2. Conduct an annual reconciliation review of all amounts paid from the Fund and report the results to the Office of the Actuary (OOA) for use by the Board in determining future Fund requirements. Based on the results of this review, prepare estimates of projected future year Fund payments.

4.1.1.3.2. Not less than annually, review Fund operations to ensure that they reflect current law, DoD policies, and sound financial management practices, and forward any recommended changes to this Directive to the ASD(HA) for consideration.

4.1.2. Direct the OOA to:

4.1.2.1. Provide support to the DoD Medicare Eligible Retiree Health Care Board of Actuaries (hereafter referred to as "the Board") and serve as the liaison between the Board and the other DoD Components.

4.1.2.2. Coordinate with the USD(C) to provide to the Department of the Treasury (hereafter referred to as "the Treasury") to establish a schedule for annual unfunded actuarial liability amortization payments as determined by the Board under reference (a).

4.1.2.3. Provide to the USD(C), the Secretaries of the Military Departments, and the Director, TMA, under the ASD(HA):

4.1.2.3.1. Notification of all public meetings and decisions made by the Board.

4.1.2.3.2. Annual estimates of the normal cost per capita rates and total projected normal cost contribution amounts to the Fund.

4.1.2.3.3. Annual estimates of total projected outlays from the Fund.

4.2. The DoD Medical Eligible Retiree Health Care Board of Actuaries (hereafter referred to as "the Board") shall function in accordance with references (a), (b), and (c).

4.3. The Under Secretary of Defense (Comptroller) (USD(C)) shall:

4.3.1. Direct the Director, DFAS to:

4.3.1.1. Coordinate with the Treasury to establish:

4.3.1.1.1. The necessary accounts for the Fund.

4.3.1.1.2. Procedures for payments to amortize the unfunded actuarial liability into the Fund at the beginning of each fiscal year in accordance with the schedule established by the Board, until this liability is liquidated.

4.3.1.1.3. Coordination with the Secretaries of the Military Departments to establish procedures for payment of the monthly normal cost contribution amounts into the Fund.

4.3.1.1.4. Other appropriate procedures to manage the daily fiscal operations of the Fund.

4.3.2. Coordinate with the TMA to establish procedures for outlays from the Fund for direct charges and for prospective payment amounts that will be distributed to the Military Departments and to TMA.

4.3.3. Coordinate with TMA, the OOA, and the Secretaries of the Military Departments to incorporate into the Planning, Programming, Budgeting, and Execution System procedures for contributions to the Fund from DoD accounts and transfers and outlays from the Fund, consistent with reference (a), this Directive, and reference (b).

4.4. The Secretaries of the Military Departments shall:

4.4.1. Coordinate with DFAS to establish procedures for payment of the monthly normal cost contribution amounts into the Fund.

4.4.2. Provide current personnel end strength data and estimates to the OOA when requested for use by the Board.


4.4.3. Conduct all fund transfers, accounting, reconciliation, and other administration relating to the operation of the Fund consistent with reference (a), this Directive, and reference (b).

5. INFORMATION REQUIREMENTS

The accounting system source documents and output reports, and notifications required for the operation of the Fund are exempt from licensing in accordance with paragraph C4.4.6. of reference (d).

6. EFFECTIVE DATE

This Directive is effective immediately.



Paul Wolfowitz  
Deputy Secretary of Defense